

New Technology Reporting Process

In general, the Government owns inventions made by its employees as a result of their employment. Executive Order 10096, "Providing for a Uniform Patent Policy for the Government with Respect to Inventions made by Government Employees and for the Administration of Such Policy," as amended, governs the treatment of innovations and new technology arising from the work of Government employees. The Executive Order's implementing regulations are published at 37 CFR Part 501. In accordance with the Executive Order, its implementing regulations, and NASA Policy Directive (NPD) 2091.1 "Inventions Made By Government Employees," each employee who makes (i.e., conceives or reduces to practice) an invention is required to submit to the Office of the General Counsel, or to the delegated Center Patent Counsel, a disclosure of such invention.

The Government may also own, or obtain title to, inventions made under NASA funding agreements (i.e., contracts, grants and cooperative agreements). Contract requirements are provided in the Federal Acquisition Regulations (FAR) (CFR Title 48 Chapter 1) and the NASA FAR Supplement (NFS) (CFR Title 48 Chapter 18). Applicable FAR and NFS clauses are reproduced in Appendix A and B. Grants and cooperative agreements with institutions of higher education, hospitals, and non-profit organizations are addressed in 14 CFR Part 1260. Cooperative agreements with commercial firms are addressed in 14 CFR Part 1274. The provisions of 14 CFR Parts 1260 and 1274 are reproduced in NPG 5800.1D, the Grant and Cooperative Agreement Handbook, which may be accessed at <http://procure.msfc.nasa.gov/grcover.htm>. Generally, the rules apply equally to contracts, grants and cooperative agreements, and to subcontracts thereunder.

NASA's policy with respect to any invention made in the performance of experimental, developmental, or research work with small business firms, colleges, universities, and nonprofit organizations is based on the Bayh-Dole Act, as amended (35 U.S.C. 200 et. seq.; 37 CFR Part 401). The Bayh-Dole Act allows small business firms, colleges, universities, and nonprofit organizations to elect to retain title to inventions made (i.e., conceived or first actually reduced to practice) under a funding agreement with a Federal agency that is funded in whole or in part by the Federal Government. A funding agreement is defined as a contract, grant, or cooperative agreement for the performance of experimental, developmental, or research work and includes subcontracts thereunder. To the extent permitted by law, the Bayh-Dole Act was made applicable to large business by the Presidential Memorandum on Government Patent Policy, and by Executive Order 12591. However, based on Section 305 of the National Aeronautics and Space Act of 1958, as amended (Space Act) (42 U.S.C. 2457), the right to elect title applies only to NASA contracts, subcontracts, grants or cooperative agreements with small businesses, colleges, universities, and non-profit organizations.

Based on the Bayh-Dole Act, the Patent Rights clauses at FAR 52.227-11, and at 14 CFR 1260.28 and 1274.913, as applicable, are included in contracts, subcontracts, grants and cooperative agreements (hereinafter referred to as contracts) with small business firms, colleges, universities, and nonprofit organizations for the performance of experimental, developmental, or research work. Under the Patent Rights clause the contractor, subcontractor, grantee or recipient (hereinafter referred to as contractor), must:

- Disclose each "Subject Invention" to the Federal agency (by way of the New Technology Representative identified in NFS Section 1852.227-72 or the clause at 14 CFR 1274.906 included in the contract) within 2 months after the inventor discloses it in writing to contractor personnel responsible for patent matters (A "Subject Invention" is defined in the Patent Rights clause to mean any invention or discovery of the contractor, which is or may be patentable or otherwise protectable under title 35 of the United States Code, conceived or first actually reduced to practice in the performance of work under the contract);
- Elect in writing whether or not to retain title to any such invention by notifying the Federal agency within 2 years of disclosure to the Federal agency, except, in any case where publication, sale, or public use has initiated the 1 year statutory period wherein valid patent protection can still be

obtained in the United States, the period for election of title may be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period; and

- File its initial patent application on a subject invention to which it elects to retain title within 1 year after election of title, or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, sale, or public use.

The Government has the right to receive title to subject inventions, upon written request:

- If the contractor has not disclosed the invention within the time specified in the clause;
- In any country where the contractor does not elect to retain rights or fails to elect to retain rights to the invention within the time specified in the clause;
- In any country where the contractor has not filed a patent application within the time specified in the clause;
- In any country where the contractor decides not to continue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on the patent; and
- In any country where the contractor no longer desires to retain title.

Once title vests in NASA, NASA may file patent applications and license the applications and any resulting patents obtained.

NASA's policy with respect to any invention, discovery, improvement, or innovation made in the performance of work under any NASA contract, subcontract, grant or cooperative agreement with other than a small business firm, college, university, or nonprofit organization (i.e., large businesses) and the allocation of related property rights is based upon Section 305 of the Space Act (42 U.S.C. 2457). NASA contracts, subcontract, grant and cooperative agreement subject to Section 305 of the Space Act shall ensure the prompt reporting of reportable items in order to protect the Government's interest and to provide widest practicable and appropriate dissemination, early utilization, expeditious development, and continued availability for the benefit of the scientific, industrial, and commercial communities and the general public. Under any NASA contract, subcontract, grant or cooperative agreement with a large business (i.e., those contracts, grants or cooperative agreements subject to Section 305(a) of the Space Act), title to subject inventions vests in NASA when the invention was made by an employee of the contractor, subcontractor, grantee or recipient as a result of, or is related to, work under a NASA contract, subcontract, grant or cooperative agreement. The Administrator may grant a waiver of title in accordance with 14 CFR Section 1245. For NASA contracts, subcontracts, grants or cooperative agreements with large businesses, it is the policy of NASA to waive the rights of the United States to acquire title in and to any subject invention (with the reservation of a Government license as set forth in FAR 27.302(c) and the march-in rights of FAR 27.302(f) and 1827.302(f)) if the Administrator determines that the interests of the United States will be served.

Based on the Space Act, the New Technology clauses at NFS 1852.227-70 and 14 CFR 1274.912, are included in all NASA contracts, subcontracts, grants or cooperative agreements (hereinafter referred to as contracts) with large businesses if the contract is to be performed in the United States, its possessions, or Puerto Rico and has as a purpose the performance of experimental, developmental, research, design, or engineering work. Under the New Technology clause, to obtain title to the invention, the contractor, subcontractor, grantee or recipient (hereinafter referred to as contractor) must:

- Disclose each "Reportable Item" to the Contracting Officer (by way of the New Technology Representative identified in NFS Section 1852.227-72 or the clause at 14 CFR 1274.906 included in the contract) within two months after the inventor discloses it in writing to Contractor personnel responsible for the administration of this New Technology clause or, if earlier, within six months after the Contractor becomes aware that a reportable item has been made (A "Reportable Item" is defined in the New Technology clause to mean any invention, discovery, improvement, or innovation of the Contractor, whether or not the same is or may be patentable or otherwise protectable under Title 35 of the United States Code, conceived or first actually reduced to practice in the performance of any work under the contract or in the performance of any work that is reimbursable under any clause in the contract providing for reimbursement of costs incurred prior to the effective date of the contract);

- Either prior to execution of the contract or within 30 days after execution of the contract, petition for advance waiver of rights to any or all of the inventions that may be made under a contract, or if such a petition is not submitted (or if an advance waiver is denied) petition for waiver of rights to an identified subject invention within eight months of first disclosure of invention to the Federal agency; and
- File its initial patent application on a subject invention to which it obtains title within 1 year after NASA grants the waiver (see 14 CFR 1245.109 the NASA Waiver Regulations).

If the contractor fails to disclose, request waiver, or file a patent application in accordance with the contract (or if a waiver is denied), the Government retains title to the invention. Once title vests in NASA, NASA may file patent applications and license the applications and any resulting patents obtained.

Many commercially valuable technological advances have resulted from innovations developed under NASA contracts for experimental, development and research work. In order for NASA to achieve its goal of providing the widest practicable and appropriate dissemination, early utilization, expeditious development, and continued availability for the benefit of the scientific, industrial, and commercial communities and the general public, NASA must be able to identify and monitor such technologies, and assert intellectual property rights if appropriate. Therefore, the Technology Reporting requirements in NASA contracts require that contractors provide NASA:

- “New Technology Reports” disclosing each reportable item (New Technology clause) or subject invention (Patent Rights clause) developed under the contract to NASA within two months after the inventor discloses it in writing to Contractor;
- “Interim Reports” every 12 months from the date of the contract listing all reportable items or subject inventions required to be disclosed during the reporting period, or certifying that there were none; and
- A “Final Report” prior to contract closeout listing all reportable items or subject inventions developed during performance of the contract, or certifying that there were none.

New Technology Reports are the primary means for identifying inventions and innovations developed under NASA contracts. The Agency is prevented from achieving full success in its commercial technology mission when innovations are not identified or reports are not submitted in a timely manner. Moreover, the Agency (and each Center) may be losing the benefit of royalty income received from the licensing of patents on inventions and innovations which NASA has funded, but has lost, through the contractor’s failure to report.

It is important that the Government and its contractors know, protect, and exercise their rights in inventions, discoveries, improvements, and innovations made in the performance of work under NASA contracts in order to ensure their expeditious availability to the public; foster commercial use; enable the Government, its contractors, and the public to avoid unnecessary payment of royalties; and defend themselves against claims and suits for infringement. To attain these ends, contracts having the New Technology clause or the Patent Rights clause should be so administered that:

- Reportable items and subject inventions are identified, disclosed, and reported as required by the clause, and requests for waiver of title or election of title, when appropriate, are timely made;
- The rights of the Government in reportable items and subject inventions are established;
- Where patent protection is appropriate, patent applications are timely filed and prosecuted;
- The rights of the Government in filed patent applications are documented by formal instruments such as licenses or assignments; and
- Expeditious commercial utilization of reportable items and subject inventions is achieved.

For each contract containing the New Technology clause or the Patent Rights clause, NFS 1852.227-72 or the clause at 14 CFR 1274.906, Designation of New Technology Representative and Patent Representative, will be included in the contract to identify the representatives that administer the clause, protect the Government's rights, and take other actions in relation thereto. Normally, the New Technology Representative will be the Technology Utilization Officer or the staff member (by titled

position) having cognizance of technology utilization matters for the Center concerned; and the Patent Representative will be the Patent Counsel (by titled position) having cognizance of patent matters for the Center concerned. In accordance with NFS 1852.227-72 and 14 CFR 1274.906, reports of reportable items, and disclosure of subject inventions, interim reports, final reports, utilization reports, and other reports required by the New Technology or Patent Rights clause, as well as any correspondence with respect to such matters, should be directed to the New Technology Representative unless transmitted in response to correspondence or request from the Patent Representative. Inquiries or requests regarding disposition of rights, election of rights, or related matters should be directed to the Patent Representative.

In accordance with NFS 1827.305-370, for each contract containing the Patent Rights clause or the New Technology clause, the following NASA officials will take the listed actions.

The Contracting/Grants Officer shall take the following actions:

- Furnish, or require the contractor to furnish directly, the New Technology Representative and the Patent Representative a copy of each contract (and modifications thereto), and copies of the final technical report, interim technical progress reports, and other pertinent material provided under the contract, unless the representatives indicate otherwise; and
- Notify the New Technology Representative as to which installation organizational element has technical cognizance of the contract.

The New Technology Representative shall take the following actions:

- Review the technical progress of work performed under the contract to ascertain whether the contractor is complying with the clause's reporting and record keeping requirements;
- Receive New Technology, Interim and Final Reports from the contractor and determine, in consultation with the Contracting Officer's Technical Representative (COTR) or Program Manager, whether submitted reports are acceptable;
- Request that the contractor submit Interim and/ or Final Reports if not timely submitted;
- Forward to the Patent Representative copies of all New Technology Reports submitted by the contractor;
- Consult with the Patent Representative whenever a question arises as to whether a given reportable item is to be considered a subject invention and whether it was made in the performance of work under the contract.
- Forward to the Patent Representative all correspondence relating to inventions and waivers under the New Technology clause or election of title under the Patent Rights clause;
- Enter New Technology Reporting information into NASA TechTracS;
- After consulting the COTR or Program Manager, request that the contractor reconsider and resubmit Interim Reports deemed to be incomplete;
- After consulting the COTR or Program Manager, request that the contractor submit any New Technology Reports listed on Interim or Final Reports that have not been previously submitted;
- Upon receipt of any final report required by the clause, and upon determination that all work is complete, determine whether the contractor has complied with the clause's reporting requirements. If so, the New Technology Representative shall certify compliance, obtain the Patent Representative's concurrence, and forward the certification to the contracting/grants officer.

The Contracting Officer's Technical Representative (COTR) or Program Manager shall take the following actions:

- Monitor the technical progress of work performed under the contract to ascertain whether the contractor is complying with the clause's reporting requirements; and
- Review all Interim and Final Reports to determine whether all expected reportable items or subject inventions have been disclosed and provide input to the New Technology Representative.

The Patent Representative shall take the following actions:

- Review each reportable item to ascertain whether it is to be considered a subject invention, obtain any determinations required by paragraph (b) of the New Technology clause, and notify the contractor;
- Review New Technology Reports to ensure that the contractor has provided sufficient information to protect the Government's rights and interests in it and to permit the preparation, filing, and prosecution of patent applications;
- Enter patent related information into NASA TechTracS;
- Determine inventorship and rights to intellectual property;
- Ensure the preparation of instruments establishing the Government's rights; and
- Determine when information disclosed in New Technology Reports may be publicly released and approve or deny requests for such public releases.

Either the New Technology Representative or the Patent Representative, in consultation with the other, may prepare opinions, make determinations, and otherwise advise the contracting officer with respect to any withholding of payment under paragraph (g) of the clause at 1852.227-70, New Technology.

The Contracting Officer shall not approve release of final payment under the contract and, if applicable, any reserve set aside under the withholding provisions of the clause for deficiencies and delinquent reporting not corrected as of the time of the submission of the final report by the contractor until receipt of the New Technology Representative's certification of compliance, and the Patent Representative's concurrence.